

Report

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Report to:	Housing and Technical Resources Committee (Special)
Date of Meeting:	11 February 2010
Report by:	Executive Director (Housing and Technical Resources) Executive Director (Finance and Information Technology Resources)

Subject:	Housing Revenue and Capital Account Budget 2010/2011
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ outline the revenue estimate proposals for the Housing Revenue Account (HRA) for 2010/2011
- ♦ request approval for the Housing Capital Programme totalling £40.508 million

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the revenue estimate proposals for the HRA be approved, and the proposed rent increase of 3.75 % be applied to all Council houses, travelling person sites and lock-ups. This increase equates to an average Council house rent rise of £1.95 per week.
- (2) that, based on this rent increase, the 2010/2011 housing capital programme of £40.508m be approved, as detailed at Appendix 2.
- (3) that the recommendations contained in this report be referred to the Executive Committee for approval.

3. Background

- 3.1. The Housing Revenue Account budget submission, outlined in Appendix 1, has been prepared in line with the 30 year Business Plan which was developed and approved for the retention of the housing stock.
- 3.2. The Plan has been updated to reflect the level of investment required to meet the Scottish Housing Quality Standard (SHQS) by 2015, following a further recent stock condition survey undertaken by Savills. This survey confirmed that 56% of South Lanarkshire's housing stock currently meets the SHQS (with 75% meeting the internal standard). Significant investment is required to undertake the work on the remaining stock to meet SHQS by 2015 including completing the programme of kitchen and bathroom renewals by 2012. A capital programme of £40.508 million in 2010/2011 is proposed, requiring a rent rise of 3.75 %. This equates to an average rise of £1.95 per week on the current average rent of £54.19.

- 3.3. In line with the Housing Business Plan, savings of £0.333m have been included within these budget proposals. The savings will be achieved through a variety of measures including a review of management structures and a reduction in staffing levels.
- 3.4. As part of the Council's commitment to rent harmonisation, it is proposed that the next step of rent harmonisation is progressed. This will benefit those Council tenants who currently pay significantly more than the harmonised rent. This will reduce these tenants' rents so that no tenant is paying more than £10.00 above the level of harmonised rent. 3,600 tenants will benefit from this proposal at an estimated cost to the HRA of £900,000.
- 3.5. The movement from the 2009/2010 revenue budget is detailed in Appendix 1.

4. Estimated Surplus

- 4.1. The budget for 2010/2011 is designed for a 'break even' position in the Housing Revenue Account at the end of that financial year.

5. Housing Revenue Account – Capital Programme Resource Estimates

5.1. Basis of Submission

The 2010/2011 capital programme is compiled in line with the 30 year business plan which was outlined for the retention of the housing stock. This will see investment of £40.508 million and reflects the level of investment identified by successive stock condition surveys. The detailed programme is included at Appendix 2.

5.2. Proposed Funding

Total resources available are as follows:-

Borrowing	£25.111million
Capital Financed from Current Revenue	£ 9.727million
Capital Receipts	£ 5.670million
Total Resources	£40.508million

6. Employee Implications

- 6.1. None.

7. Financial Implications

- 7.1. As detailed above.

8. Other Implications

- 8.1. None.

9. Equalities Impact Assessment and Consultation Arrangements

- 9.1. There is no requirement to carry out an impact assessment in terms of the proposals within this report.

- 9.2. Council tenants have been extensively consulted as part of the 2010/2011 budgetary process. The consultation process for 2010/2011 effectively began in January 2009 when tenants requested that the rent setting process for 2010/2011 should begin earlier than usual due to the difficult economic climate. To this end, an initial seminar was held in September 2009. Tenants were presented with detailed information on the structure of the HRA, ie the main areas of income and expenditure, the potential options facing the Council if, in furtherance of tenants' stated preferences, housing investment plans were to be maintained.
- 9.3. This event was followed, again at the tenants' request, by the provision of detailed information from the Council to tenants to facilitate better understanding of the HRA by tenants.
- 9.4. A further well publicised event, attended by over 60 tenants, was held in December. As with the earlier event, various rent increase scenarios were outlined with a corresponding capital programme. Tenants again clearly articulated their preference that the Council's Housing Investment Programme should be protected and concluded on programme, if possible. Tenants were particularly concerned that the Housing Investment Programme should be maintained as planned with no reduction in standards.
- 9.5. Finally, the budgetary and rent setting proposals were discussed at the local Area Forums in January and in early February 2010. The overwhelming view of tenants is clear. That is, that the Housing Investment Programme should be maintained, if at all possible, and that, if a rent increase of 3.75% is necessary to achieve this, the majority of tenants would be willing to support this.

Jim Hayton
Executive Director (Housing and Technical Resources)

Linda Hardie
Executive Director (Finance and Information Technology Resources)

5 February 2010

Link(s) to Council Objectives

- ◆ "Improve the Quality, Access and Availability of Housing"

Previous References

- ◆ None

List of Background Papers

- ◆ Previous budgetary reports to Committee

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Patrick Murphy, Head of Support Services

Ext: 4065 (Tel: 01698 454065)

E-mail: patrick.j.murphy@southlanarkshire.gov.uk

**SOUTH LANARKSHIRE COUNCIL
HOUSING REVENUE ACCOUNT
REVENUE ESTIMATES YEAR 2010-2011**

2009-2010 £m		2010-2011 £m	Movement £m
	<u>Income</u>		
69.235	House Rents	70.808	1.573
1.900	Other Rents	2.043	0.143
0.853	Interest	0.074	-0.779
9.761	Other Income	11.046	1.285
81.749	Total Income	83.971	2.222
	<u>Expenditure</u>		
29.227	Supervision and Management	29.674	0.447
30.997	Housing Repairs etc.	31.141	0.144
1.422	Void Rents	1.484	0.062
0.100	Financing Costs		
	Leasing	0.000	-0.100
8.929	Loan Charges	12.133	3.204
11.074	Contribution to Capital Programme	9.727	-1.347
81.749	Total Expenditure	84.159	2.410
0.000	-Surplus Used/+ Generated	-0.188	-0.188
0.188	Surplus brought forward	0.188	0.000
0.188	Surplus carrying forward	0.000	0.188

Appendix 2

**SOUTH LANARKSHIRE COUNCIL
HOUSING CAPITAL ESTIMATES YEAR 2010-2011**

Area	Project Description	Project Title	Anticipated Installations	Final 20010/11 Budget
Kitchen & Bathrooms				
Blantyre	Kitchens & Bathrooms	New Woodlands	87	£837,508
Blantyre	Kitchens & Bathrooms	Old Woodlands	26	£250,290
Blantyre	Kitchens & Bathrooms	Stonefield	61	£587,218
Cambuslang	Kitchens & Bathrooms	Springhall	366	£3,523,308
Carlisle	Kitchens & Bathrooms	Forth	117	£1,126,303
East Kilbride	Kitchens & Bathrooms	Greenhills Phase 5	154	£1,482,485
Hamilton	Kitchens & Bathrooms	Meikle Earnock	91	£876,014
Hamilton	Kitchens & Bathrooms	Mill Road Area	147	£1,415,099
Hamilton	Kitchens & Bathrooms	St. Giles	67	£644,977
Hamilton	Kitchens & Bathrooms	Hepburnhill	20	£192,531
Hamilton	Kitchens & Bathrooms	Woodhead	92	£885,640
Lanark	Kitchens & Bathrooms	Biggar	143	£1,376,593
Lanark	Kitchens & Bathrooms	Duneaton/Carmichael	144	£1,386,220
Larkhall	Kitchens & Bathrooms	Birkenshaw	100	£962,653
Larkhall	Kitchens & Bathrooms	Old Hareleeshill	317	£3,051,609
Carlisle	Kitchens & Bathrooms	Law/Carlisle	162	£1,559,497
East Kilbride	Kitchens & Bathrooms	Westwood Phase 2	59	£567,965
East Kilbride	Kitchens & Bathrooms	Calderwood Phase 6	260	£2,502,897
East Kilbride	Kitchens & Bathrooms	Greenhills Phase 6	17	£163,651
East Kilbride	Kitchens & Bathrooms	Newlandsmuir	47	£452,447
East Kilbride	Kitchens & Bathrooms	East Mains	59	£567,965
Larkhall	Kitchens & Bathrooms	Larkhall & Strathaven	299	£2,878,331
East Kilbride	Kitchens & Bathrooms	Westwood Phase 3	115	£1,107,050
Totals		Kitchen & Bathrooms Sub Total	2950	£28,398,250
External Works				
East Kilbride	External Fabric Repairs	Various Blocks	16	£300,000
Cambuslang	Central Cambuslang Phase 3	Various Blocks	6	£375,000
Clydesdale	Replacement Roofing	Braidwood	21	£186,000
Clydesdale	Structural Works to Walkways	Monks Knowe/Monks Way/Coalburn Rd		£125,000
Larkhall	Roughcast Repairs	Machanhill		£50,000
		External Fabric Projects Sub Total		£1,036,000
Environmental Works				
Cambuslang	Environmental Improvements	Overton		£50,000
Larkhall	Upgrading Works/Environmental Improvements	Strathaven Road/Kingarth Street, Eddlewood		£140,000
		Environmental Works Projects Sub Total		£190,000
Miscellaneous Projects				
Hamilton	Structural Works	Almada Tower/Wyler Tower		£400,000
Rutherglen	Refurbishment Works	Greenhill Court		£500,000
East Kilbride	Heating System Replacement	St Leonards XI Phase 1		£200,000
Lanark	Refurbishment Works	Coalburn Phase 1		£500,000
Cambuslang	Refurbishment Works	Woodlands Crescent Phase 1		£200,000
Blantyre	Central Heating Installations	Stonefield Phase 2		£215,000
SLC Wide	Refurbishment Works	Various Sheltered Housing Schemes		£150,000
SLC Wide	Central Heating Replacement	SLC Wide		£105,000
SLC Wide	Legislative Compliance Works	SLC Wide		£1,993,948
SLC Wide	DDA Compliance	SLC Wide		£150,000
East Kilbride	Lock Up Upgrades	Chatham/Mossgeil		£200,000
		Miscellaneous Projects Sub Total		£4,613,948
General Council Wide Investment				
SLC Wide	HERF / Area Regeneration			£1,400,000
SLC Wide	Decoration Allowances and Home Insulation			£500,000
SLC Wide	Capitalised Disabled Adaptations			£150,000
SLC Wide	Carry Forward for 09/10 Capital Projects			£2,500,000
SLC Wide	Contingency			£500,000
SLC Wide	IT , Cost of House Sales & other misc. council wide costs			£500,000
SLC Wide	HRA Office Alterations/ DDA Alterations			£150,000
Rutherglen	Fernhill New Build			£320,000
SLC Wide	Mortgage To Rent Allocation			£250,000
		General Council Wide Investment Sub Total		£6,270,000
	Total housing investment proposed for 2010/11			£40,508,198